

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1621

January 21, 2020

SUMMARY OF BILL: Increases, from \$1.16 to \$1.50, the 911 surcharge collected by dealers of communications services or prepaid communication services. Removes the authorization of the Tennessee Emergency Communications Board to increase the amount of the surcharge.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$25,066,900/FY20-21 and Subsequent Years/
911 Emergency Communications Fund**

Assumptions:

- According to tax returns data, 75,230,919 surcharges were made during FY18-19.
- Pursuant to Tenn. Code Ann. § 7-86-128(a)(1), communications services dealers are permitted to retain two percent of the of the collections on 911 surcharges.
- Pursuant to Tenn. Code Ann. § 7-86-128(f)(5), the Department of Revenue (DOR) is authorized to deduct an administration fee of 1.125 percent of the collected charges. According to DOR, this administration fee is not deducted.
- The increase per surcharge is \$0.34 (\$1.50 – \$1.16); therefore, the recurring increase in state revenue to the 911 Emergency Communications Fund, beginning in FY20-21, is estimated to be \$25,066,942 [(75,230,919 x \$0.34) – (75,230,919 x \$0.34 x 2%)].

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner".

Krista Lee Carsner, Executive Director

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